

Highbridge Capital Management, LLC

**40 West 57th Street, 32nd Floor
New York, NY 10019
(212) 287-4900**

www.highbridge.com

Form ADV, Part 2A

March 30, 2016

This brochure provides information about the qualifications and business practices of Highbridge Capital Management, LLC (“**HCM**”) and its relying advisers, Highbridge Capital Management (UK), Ltd. and Highbridge Capital Management (Hong Kong) Limited (each, a “**Relying Adviser**” and collectively, the “**Relying Advisers**”). If you have any questions about the contents of this brochure, please contact us at (212) 287-4900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

HCM is a registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein.

Additional information about HCM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

On March 11, 2016, the SEC declared effective the Form ADV filed by Highbridge Principal Strategies, LLC (“**HPS**”), a former relying adviser of HCM. In conjunction with such filing, the following relying advisers of HCM became relying advisers of HPS: Highbridge Mezzanine Partners, LLC, Highbridge Mezzanine Partners II, LLC, Constellation Growth Capital LLC, CVC III Partners LLC and Highbridge Principal Strategies (UK), LLP.

On or before March 31, 2016, HCM shall assign all of its rights and obligations under certain investment management agreements with clients to HPS. This brochure has been updated to reflect that HCM will no longer provide investment advice to such clients.

In February 2016, JPMAM (as defined herein) and the senior executives of HPS entered into a purchase and sale agreement for the acquisition of HPS and its subsidiaries from JPMAM by certain principals of HPS (the “**Transaction**”). It is expected that the Transaction will close as of March 31, 2016, resulting in a change of control of HPS. Following the consummation of the Transaction, HPS will not be a subsidiary of HCM and will be treated as independent from JPM (as defined herein). However, JPMAM will retain a non-voting minority interest in HPS. In connection with the Transaction, it is expected that Scott Kapnick, who is currently the Chief Executive Officer of both HCM and HPS, will resign as CEO of HCM and serve as Non-Executive Chairman and Senior Advisor of HCM for a transition period following the Transaction. Certain other executive personnel changes of HCM will be made in connection with the Transaction as reflected in Schedule A of HCM’s Form ADV Part 1A.

Item 3 - Table of Contents

Item 1 - Cover Page	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	5
Item 6 - Performance-Based Fees and Side-By-Side Management	7
Item 7 - Types of Clients	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 - Disciplinary Information	26
Item 10 - Other Financial Industry Activities and Affiliations	27
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	30
Item 12 - Brokerage Practices	35
Item 13 - Review of Accounts	39
Item 14 - Client Referrals and Other Compensation.....	40
Item 15 – Custody	41
Item 16 - Investment Discretion.....	42
Item 17 - Voting Client Securities	43
Item 18 - Financial Information	44

Item 4 - Advisory Business

HCM is a global alternative investment management firm founded in 1992. Since its inception, the firm has developed a leading, diversified investment platform that offers multi-strategy and single strategy hedge funds and daily liquidity products. With approximately 210 employees, including approximately 58 investment professionals, as of February 29, 2016, HCM manages capital for sophisticated investors, including financial institutions, public and corporate pension funds, sovereign wealth funds, endowments and family offices, as well as individuals. HCM is based in New York with its principal offices in New York, Hong Kong, and London. HCM is a subsidiary of JPMorgan Asset Management Holdings Inc. (“**JPMAM**”), a wholly owned subsidiary of JPMorgan Chase & Co. (together with its affiliates, or as the context otherwise requires, “**JPM**”). HCM generally provides investment advisory services directly and through the Relying Advisers listed in Item 10 below. Unless specifically noted otherwise, the responses to this Form ADV Part 2A combine information about HCM and the Relying Advisers.

HCM provides investment advisory services to Clients (defined below) pursuant to the investment objectives, strategies and restrictions as set forth in each Client’s offering documents and/or agreements with each Client.

HCM currently does not participate in wrap fee programs, but it may do so in the future.

As of December 31, 2015, HCM managed \$5,179,236,000 of Client assets on a discretionary basis and \$0 of Client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

HCM Funds

Private collective investment vehicles including domestic and foreign partnerships, companies and trusts managed by HCM (collectively, the “**HCM Funds**”) pay a monthly or quarterly management fee at the beginning or end of the applicable period. The management fees are based on the net assets of each HCM Fund and are generally equal to a rate of between 1.5% and 2.0% on an annualized basis. In addition, HCM or Highbridge Capital Administrators, LLC (“**HCA**”), an affiliate of HCM and special limited partner of certain HCM Funds, is entitled to receive performance compensation. For certain HCM Funds, the performance compensation is generally equal to between 20% and 25% of the net trading profits (in excess of applicable hurdles, if any) with respect to each fiscal year, payable as of the fiscal year end. For other HCM Funds, the performance compensation is equal to 6.25% of the net trading profits for each of the last four quarters (generally comparable to a 25% rate for four quarters), payable as of each fiscal quarter end. Although the above fees are generally not negotiable, HCM and/or HCA may rebate, reduce and/or waive some or all of its management fee and/or performance compensation, as applicable, with respect to any investor in an HCM Fund, and intends to rebate, reduce and/or waive some or all of its management fee and/or performance compensation with respect to, but not limited to, principals, employees and certain affiliates of HCM as well as certain investment funds managed by HCM or its affiliates.

SICAVs

HCM serves as sub-investment manager to sub-funds of Luxembourg investment companies sponsored by affiliates of JPM (together, “**SICAVs**”). As compensation for services rendered as sub-investment manager, HCM receives a management fee from JPM based on net assets payable monthly, equal to 0.50% on an annualized basis. HCM is entitled to receive from JPM related to the sub-investment management of one or more SICAVs a performance fee payable annually, equal to 20% in excess of applicable hurdles.

LSE Listed Company

HCM serves as investment manager to a Guernsey closed-ended collective investment vehicle whose shares are listed on the London Stock Exchange (the “**Listed Company**” and together with HCM Funds and SICAVs, “**Clients**”). The Listed Company invests in an HCM Fund, and HCM receives management fees and performance compensation directly from such HCM Fund with respect to the Listed Company’s investment in such HCM Fund.

Fees and Compensation

The fees and compensation described under this Item 5 are deducted from Clients’ assets for the HCM Funds, while the SICAVs are billed for such fees and compensation. Certain HCM Funds must pay their management fees in advance. Such HCM Funds may terminate their management agreements in accordance with the terms of such agreements and receive a prorated refund of any prepaid management fees.

In addition to the foregoing fees, Clients will generally pay operating and other expenses, including, but not limited to, (i) organizational and offering expenses, (ii) the cost of investments (including all direct expenses, investment expenses (e.g., brokerage commissions, exchange, National Futures Association and clearing fees, interest expenses, borrowing costs, clearing and settlement charges, custodial fees, bank service fees and fees of unaffiliated parties in connection with the approval of principal and/or agency transactions), legal, accounting and tax expenses relating thereto and other charges for transactions), (iii) compensation paid to boards of directors, general partners or trustees, as applicable, (iv) administrative,

legal and accounting fees and expenses, (v) other operating expenses and (vi) extraordinary or non-recurring expenses. Clients that invest all or a portion of their assets through another investment vehicle may also pay their respective pro rata share of the expenses of such investment vehicle. See Item 12 for more detail on the brokerage practices of HCM. The operating expenses noted above in (v) include, but are not limited to, the costs of computer hardware, computer software, data feeds, pricing services, data centers (including data hosting), telecommunications equipment and services, equipment leases and maintenance agreements, other equipment, company or analyst conferences, travel, lodging and meal expenses related to due diligence meetings or other investment-related activities, research, due diligence, legal and regulatory analysis, accounting, audit, consulting and other professional fees and expenses and other services and costs.

Investors in HCM Funds are generally allocated their allocable share of the above expenses, as applicable.

HCM and its affiliates frequently incur common fees, costs and expenses on behalf of one or more Clients. HCM seeks to allocate such fees, costs and expenses among the relevant Clients in a manner that is fair and equitable over time. HCM's policies and procedures provide for the implementation of various methodologies by HCM to determine whether and how common expenses are allocated to such Clients. However, expense allocation decisions involve potential conflicts of interest and often depend on subjective determinations. Expense allocation decisions made by HCM in good faith will be final and binding on Clients.

Each of the Relying Advisers, directors and trustees will be generally responsible for all of its respective normal overhead expenses, including compensation for employees, rent, utilities and other similar items.

Item 6 - Performance-Based Fees and Side-By-Side Management

As described in the response to Item 5 above, HCM (or its affiliate HCA) receives performance-based compensation, directly or indirectly, from its Clients. HCM may have incentives to favor a Client that pays higher performance-based compensation over a Client that pays lower performance-based compensation. HCM has developed policies and procedures that provide that HCM will allocate investment opportunities and make purchase and sale decisions among applicable Clients in a manner that HCM considers, in HCM's sole discretion and consistent with the fiduciary obligation to each of the respective Clients, to be reasonable. In many cases, these policies may result in the pro rata allocation of limited opportunities across accounts, but in many other cases, the allocations may reflect numerous other factors based upon HCM's good faith assessment of the best use of such limited opportunities relative to the objectives, disclosure to and agreements with applicable Clients including limitations and requirements of each such Client and applying a variety of other factors, including those further described in each Client's offering documents or agreements with each Client.

Item 7 - Types of Clients

As described in the responses to Items 4 and 5, HCM provides investment advisory services to (i) HCM Funds, (ii) SICAVs and (iii) the Listed Company. The Clients are U.S. and non-U.S. investment limited partnerships, companies, limited liability companies, trusts and other vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended. In addition, the securities issued by the Clients are not registered or required to be registered under the U.S. Securities Act of 1933, as amended, and, other than the SICAVs and the Listed Company, are generally privately placed to qualified investors in the United States and elsewhere. The investors in the HCM Funds are primarily sophisticated investors, which include, but are not limited to, financial institutions, public and corporate pension funds, sovereign wealth funds, endowments, and family offices, as well as certain individuals. Each investor in the HCM Funds is subject to suitability requirements set forth in the applicable HCM Fund's offering and subscription documents.

Generally, the minimum initial investment amount for investors in the HCM Funds is between \$250,000 and \$10,000,000. The minimum initial investment amount generally can be waived at the discretion of the general partner, board of directors, trustees and/or administrator of each HCM Fund, but not below an amount required under applicable law.

Agreements with Certain Investors

Certain investors in the HCM Funds have been granted one or more of the following rights with respect to their investments, including, but not limited to: (i) a reduced management fee and/or performance compensation; (ii) subject to certain terms, the right to receive improved fees, liquidity, information rights and other terms received by other investors; (iii) the right to receive certain additional information with respect to a certain fund; (iv) notification to the investor with respect to the investor's ownership percentage of a certain fund; (v) notification to the investor with respect to the ownership by benefit plan investors of a certain fund's equity classes; (vi) certain limitations on an investor's confidentiality obligations under a certain fund's organizational documents pursuant to laws or regulations to which the investor is subject (such as the public information or "sunshine" laws); (vii) an acknowledgement that such investor is entitled to sovereign status under U.S. federal, state or non-U.S. law; (viii) rights with respect to distributions in kind; and (ix) rights with respect to transfers of interests; and (x) the right to receive information regarding the investments of the HCM Fund in which they have invested (such as portfolio positions and their valuations and risk profiles).

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

HCM engages, on behalf of Clients, in one or more of the investment strategies summarized below. More detailed information with respect to the following investment strategies is included in each Client's offering and/or disclosure documents.

HCM may and currently does allocate a portion of its management responsibilities to affiliated sub-advisers, including the Relying Advisers, pursuant to sub-advisory agreements.

In addition, HCM utilizes leverage in its investment program. Leverage may take a variety of forms, including loans by the Client's prime brokers for the purchase or sale of securities and from total return and credit default swaps.

Convertible and Volatility Arbitrage Strategy

The strategy is a relative value strategy focusing on (i) equity-linked securities such as convertible bonds, preferred equities and warrants, (ii) vanilla and structured equity derivatives and (iii) cross market opportunities created by the fragmentation of these two markets. The convertible arbitrage component seeks to profit from both the optionality of the underlying convertibles and the convergence of the securities to fair value. Its investment universe includes, without limitation, the investment-grade and liquid credit segment of the U.S. convertible market. The volatility arbitrage component seeks to profit from mispriced optionality embedded in vanilla and structured equity derivatives. To accomplish this, the strategy employs sophisticated pricing/risk management tools which include quantitative modeling and screening software to identify opportunities. The strategy may also rely on fundamental analysis with a focus on idiosyncratic volatility creating events. The strategy typically involves the purchase of an equity-linked security such as a convertible bond or an equity derivative that is hedged with one or more of the following: stock, equity, ETF or index options, interest-rate futures and credit derivatives.

Capital Structure Arbitrage Strategies

Convertible Credit and Capital Structure Arbitrage: The strategy employs fundamental credit analysis to identify pricing inefficiencies and dislocations predominantly in underfollowed, small and mid-cap public issuers. Trade construction utilizes intra-capital structure hedges to express fundamental views and isolate targeted risks, which can include an attractive credit, an undervalued equity or an inefficiency in a capital structure. Interest rate exposure is systematically hedged, typically with a target duration of zero, while strategy-level hedges are implemented in an effort to neutralize unintended macro exposures. The strategy invests across convertible bonds, straight debt, equities and derivatives in the United States, Europe and Canada.

Asia Capital Structure Arbitrage: The strategy employs both a fundamental and quantitative approach to seek idiosyncratic opportunities across capital structures and within securities, with a focus on credit relative to equity, volatility strategies including correlation and volatility convexity, and dividend swaps versus index and relative share class trades. The strategy implements hedges across the equity, credit, rate and foreign exchange markets.

Quantitative Equity Strategy

Statistical Arbitrage: The strategy's investment universe includes, without limitation, stocks, futures, options, currency and exchange-traded funds and invests in liquid markets globally, including, North America, EMEA, Latin America, Asia, Australia and other regions. The strategy seeks to provide long-term absolute returns by utilizing, as part of its investment strategy, statistically based computer algorithms that model the predictable components in the pricing of financial instruments. These models encapsulate the beliefs of HCM and are used to automate the expression of those beliefs so that they may be used to make trading decisions in a systematic manner. Computer algorithms are also used to model sources of variation in security returns so that a systematic assessment of portfolio risk can be included as part of the portfolio management process.

Fundamental Equities Strategies

The fundamental equities strategy is comprised of a number of separate long/short equities strategies, each of which generally has a sector, geographic and/or style focus. In general, these strategies employ both top-down views and a fundamental, research-based approach that examines companies and industries from the bottom up in an effort to identify differentiated relative value, thematic and/or deep value opportunities. Analysis is typically driven by both qualitative and quantitative research that ultimately leads to an investment conclusion. These strategies generally focus on what HCM believes to be investment situations that offer an asymmetric risk/reward profile and seek to isolate the desired idiosyncratic risk associated with each investment. Long positions typically reflect HCM's view on a dislocation between intrinsic and market value, catalyst-centric special situations or companies undergoing value enhancement such as through management changes, capital structure enhancements, mergers and acquisitions and spin-offs. For short investments, the strategies typically focus on companies HCM believes to be overvalued as a result of having challenged fundamentals, facing increased competition, misallocating capital or approaching a correction.

Event-Driven Equity Strategies

Event-Focused European Long/Short Equity: The strategy seeks to identify securities at inflection points through fundamental, bottom-up analysis and focuses on catalysts to uncover those inflections. These inflection points may result from a wide variety of factors such as regulatory changes, mergers and acquisitions, disposals, restructurings, management changes or significant variations in earnings trajectories due to business fundamentals. The strategy generally adopts a market neutral approach and focuses on equity investments in Europe.

Merger Arbitrage: The strategy seeks to achieve attractive risk-adjusted returns by employing both a qualitative and quantitative analysis of merger transactions. The strategy attempts to capture the spread between the current market price of a merger target and its expected value upon deal completion. In building the portfolio HCM focuses on, among others, yield and relative value, industry diversification and issuer concentration.

Event-Focused North American Long/Short Equity Strategy: The strategy employs a fundamental, bottom-up approach to identify opportunities resulting from industry changing events that are expected to have broad implications on industry dynamics and competitive landscape, as well as corporate catalysts such as M&A, restructurings and management changes. The strategy generally focuses on equity investments in North America.

Fundamental Credit Strategy

European Relative Value Credit: The strategy seeks to generate attractive risk-adjusted and non-market correlated returns generally by employing fundamental analysis to identify long and short credit trades. The strategy can invest in opportunities across the credit spectrum in Europe, from investment-grade to high yield to stressed and distressed, primarily through bonds, credit default swaps and indices to express single name and directional views. The strategy seeks to identify opportunities in both the secondary and new issues market, working closely with banks to structure, price and invest in new issues. In addition to fundamental analysis, the strategy factors in liquidity and market technicals when formulating and implementing trading ideas.

Macro Strategies

Fundamental Macro: The strategy involves fundamental analysis of monetary, fiscal and political themes in search of opportunities for potential changes in valuation and relative prices across asset classes and economies. The strategy will seek long, short and relative value positions across global foreign exchange, interest rate, equity index and commodities markets.

Tactical Commodities: The strategy employs a systematic investment strategy based upon quantitative analysis of technical and fundamental factors across multiple short-term holding periods. This strategy analyzes term-structure to gauge supply and demand fundamentals, and models price trend and volatility to form a bullish or bearish bias on individual markets and spreads. In addition, this strategy generates trading signals based on price patterns, storage dynamics, momentum and mean reversion.

Risk Factors

The investment strategies employed by HCM on behalf of Clients involve substantial risks, including the risk of loss of a Client's entire investment. The following is a summary of the material risks associated with the investment strategies employed by HCM. More detailed information with respect to the following risk factors and the applicability of the following risk factors to each Client managed by HCM is included in each Client's offering and/or disclosure documents.

Risks Associated with Investing and Trading Instruments

Instruments to Be Purchased. Certain Clients may purchase any type of debt or equity security or other instrument, including low rated or unrated debt instruments. Such instruments may offer higher yields than higher rated instruments, but may generally involve greater volatility of price and risk of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the instruments. In addition, the markets for such instruments may be illiquid. Such Clients may invest in private and public debt owed by companies on either an assignment or participation basis. When a Client invests on a participation basis with a seller, it may not have direct access to the relevant key professionals leading the bankruptcy plan and will rely on information provided by the participation seller. Such Clients may enter into contracts with dealers as principal to purchase certain instruments. Such transactions are not subject to exchange rules. Such Clients may purchase instruments issued by the companies and governments of countries other than the United States, including developing countries. Such Clients may purchase privately placed and unregistered instruments. Such Clients may invest in the securities or other instruments of U.S. or non-U.S. open-ended or closed-ended investment companies, partnerships and other collective investment vehicles. Most partnerships and collective investment vehicles provide for withdrawal of interests only at specified intervals during a year. Consequently, such Clients would be unable to liquidate those interests other than at the specified dates.

Equity. The value of equity securities and equity-like securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, such Clients may suffer losses if it invests in equity securities and equity-like securities of issuers whose performance diverges from HCM's expectations or if equity markets generally move in a single direction and the Client has not hedged against such a general move.

Long Equity Exposure. Certain Client's strategies involve long, unhedged or only partially hedged investments in, and exposure to, equities. Such investments may decline in value in the event of a general decline of the equity markets, a decline in a sector or a decline in a specific security.

Leverage and Short Exposure. Certain Clients may seek to maximize investment positions by borrowing funds. As a result, the possibilities of profit and loss are increased. Borrowing money to purchase investments will provide such Clients with the advantages of leverage but exposes them to capital risk and higher current expenses. If such Clients do not secure leverage or lose their leverage, as described below, they may not meet their investment objectives. In addition, such Clients may not be able to obtain leverage on terms favorable to them and/or terms comparable to terms obtained by other private investment funds, including with respect to interest rates. Any gain in the value of investments purchased with borrowed money or income earned from these investments that exceeds interest paid on the amount borrowed would cause such a Client's net asset value to increase more quickly than would otherwise be the case. Conversely, any decline in the value of the investments purchased would cause such a Client's net asset value to decrease more quickly than would otherwise be the case. In addition to purchasing investments on margin, Clients may engage in short selling of securities. A short sale will result in a gain if the price of the securities sold declines sufficiently between the time of the short sale and the time at which securities are purchased to replace those borrowed. A short sale will result in a loss if the price of the securities sold short increases or does not decline sufficiently to cover transaction costs. Any gain would be decreased and any loss would be increased by the amount of any premium or interest which a Client may be required to pay with respect to the borrowed securities. A short sale involves a risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. In addition, should the securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call," pursuant to which the Client would be required either to deposit additional funds or securities with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Client's assets, the Client might not be able to liquidate assets quickly enough to satisfy its margin requirements.

Certain Clients may borrow money from banks. Such borrowing will increase the Client's leverage and, therefore, will create the same risks attendant to purchasing securities on margin. The Client will provide collateral to the banks from which it borrows by registering the interests of the Client in the names of such banks or their nominees. This procedure exposes the Client to the risk that, for whatever reason, including, without limitation, the default, insolvency, negligence, misconduct or fraud of such banks, the Client will not reacquire the ownership of such interests upon the repayment by the Client of such loans. Also, the Client will be unable to reacquire such interests if the Client defaults on such loans. The Client's failure or inability to reacquire such interests from the banks in whose name the interests are registered in support of a loan could entangle the Client in protracted litigation and, potentially, result in the complete loss of such interests. While HCM will cause a Client to borrow money only from banks HCM believes to be creditworthy, lenders' credit risk could deteriorate extremely rapidly and unexpectedly under certain circumstances, and there can be no absolute certainty that such lenders will return such interests to the Client upon the repayment of such loans.

Statistical Arbitrage; Quantitative Trading. Quantitative trading strategies, including statistical arbitrage, are highly complex, and, for their successful application, require relatively sophisticated mathematical calculations and relatively complex computer programs. Such trading strategies are dependent upon various computer and telecommunications technologies and upon adequate liquidity in the markets traded. The successful execution of these strategies could be severely compromised by, among other things, a diminution in the liquidity of the markets traded, telecommunications failures, power loss and software-related “system crashes.” Due to the high trading volume of quantitative trading strategies, the resulting transaction costs may be significant. In addition, the “slippage” from entering and exiting positions may be significant and may result in losses. A further limitation inherent in a quantitative trading strategy, including statistical arbitrage, is that the reliability of the strategy is materially dependent on the accuracy of the information supplied to the computer systems running the program. Errors in the input of data or in the programming of the computer software may occur and can materially distort the performance of the strategy. Detection of such data and programming errors may be difficult and such errors may remain unidentified for extended periods.

Furthermore, the trading for the statistical arbitrage strategy is automated with limited manual interruptions. Accordingly, the ability of the Client to respond to sudden developments in the markets may be constrained. In addition, there may be a risk that other buyers in the quantitative trading markets have similar positions as the Client, which could create a concentration of such positions among the buyers’ portfolios. If deleveraging or sell-off were to occur simultaneously by such buyers, the Client may not be able to exit such positions as efficiently as it could have but for such concentration.

Investing in Convertibles. Because of the embedded equity component of convertible securities, their value is sensitive to changes in equity volatility and price. A decrease in equity volatility and price could result in a loss for the Client. The debt characteristic of convertible securities also exposes a Client to changes in interest rates and credit spreads. The value of the convertible securities may fall when interest rates rise or credit spreads widen. A Client’s exposure to these risks may be unhedged or only partially hedged.

Bank Loans. Clients that engage in bank loan trading may purchase loans or portions of loans in the secondary market. Bank loans and participations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Client to directly enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation, or enforce any rights of set-off against the obligor. Furthermore, in purchasing a participation, the Client may not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result, the Client would assume the credit risk of both the obligor and the selling institution, which would remain the legal owner of record of the applicable loan. Participations are typically sold strictly without recourse to the selling institution, and the selling institution will generally make no representations or warranties about the underlying loan, the portfolio companies, the terms of the loans or any collateral securing the loans. Certain loans have restrictions on assignments and participations which may negatively impact the Client’s ability to exit from all or part of its investment in a loan. In analyzing each bank loan or participation, HCM would compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Client.

Bank loans may not be considered “securities” for purposes of the 1933 Act and certain other U.S. federal securities laws, and, as a purchaser of bank loans and participations, a Client may not be entitled to rely on the anti-fraud and other protections of such laws.

Securities Lending. Certain Clients may seek to increase their returns by lending their portfolio securities. Securities lending involves the risk of default by the borrower. If the borrower fails to return the securities in a timely manner, or at all, the Client may lose money and there may be a delay in recovering the loaned securities. The Client could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral.

Hedging Transactions. Clients may utilize a variety of financial instruments, both for investment purposes and for risk management purposes in order: (a) to protect against possible changes in the market value of the Client's investments resulting from fluctuations in the price of securities; (b) to protect the value of unrealized gains in the Client's investments; (c) to facilitate the sale of any such investments; (d) to enhance or preserve returns, spreads or gains on any Client investment; (e) to hedge the interest rate or currency exchange rate on any of the Client's liabilities or assets; (f) to protect against any increase in the price of any securities the Client anticipates purchasing at a later date; or (g) for any other reason that the trading manager deems appropriate. A substantial risk remains, nonetheless, that such techniques will not always be possible to implement and, when possible, will not always be effective in limiting losses.

The success of a hedging strategy for a Client will depend, in part, upon the correct assessment of the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many instruments change as markets change or time passes, the success of a hedging strategy for a Client will also be subject to HCM's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. Hedging against a decline in the value of an investment does not eliminate fluctuations in the value of such investment or prevent losses if the value of such investment declines, but the Client may establish other positions designed to gain from those same developments, thus moderating the decline in an investment's value. Such hedging transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for the Client to hedge against a fluctuation that is so generally anticipated that the Client is not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

While Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if the Clients had not engaged in such hedging transactions. For a variety of reasons, a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged may not be sought. Such an imperfect correlation may prevent a Client from achieving the intended hedge or expose the Client to risk of loss. A particular risk may not be hedged against including because it may be determined that the probability of the risk occurring not be sufficiently high as to justify the cost of the hedge, or because the occurrence of the risk is not foreseen. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Client's investments.

Investments in Undervalued Assets. Certain Clients may invest in undervalued loans and other assets as part of its investment strategy. The identification of investment opportunities in undervalued loans and other assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial or complete losses.

A Client may incur substantial losses related to assets purchased on the belief that they were undervalued by their sellers, if they were not in fact undervalued at the time of purchase. In addition, a

Client may be required to hold such assets for a substantial period of time before realizing their anticipated value, and, there is no assurance that the value of the assets would not decline further during such time. Moreover, during this period, a portion of a Client's assets would be committed to those assets purchased, thus preventing the Client from investing in other opportunities.

High Yield Debt Instruments. Certain Clients may purchase and/or hold "high yield" bonds, preferred securities and other debt products, including bank loans, which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Debt instruments in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated instruments and are generally considered to be predominately speculative with respect to the issuers' capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than instruments with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated instruments, the yields and prices of such instruments may tend to fluctuate more than those of higher-rated instruments. The market for lower-rated instruments is thinner and less active than that for higher-rated instruments, which can adversely affect the prices at which these instruments can be sold. In addition, adverse publicity and investor perceptions about lower-rated instruments, whether or not based on fundamental analysis, may contribute to a decrease in the value and liquidity of such lower-rated instruments. Further, rating agencies may downgrade certain instruments in which a Client has invested. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. No assurances can be given that the ratings on such instruments accurately reflect their risk profiles.

Distressed Assets. Certain Clients may purchase and/or hold securities and other obligations, such as bank debt, trade claims and accounts receivable of companies that are experiencing significant financial or business distress, including companies experiencing poor operating results, having substantial financial or capital needs or negative net worth (including start-up companies), facing special competitive or product obsolescence problems, or that are involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk, they may not show any return for a considerable period of time and they may result in substantial, or at times even total, losses. Such risks include, but are not limited to, the following: (a) subordination to substantial amounts of senior indebtedness, all or a significant portion of which may be secured; (b) the possibility of substantial changes in rights and covenants which could result in less protection for a Client with respect to securities purchased in proceedings under Chapter 11 of the U.S. Bankruptcy Code; (c) the lack of regulation of the OTC (defined below) securities markets in which distressed securities are often traded; (d) difficulty in obtaining information as to the true condition of the issuers of such securities and obligations and (e) the lack of any established market-making, margin or other requirements which would help to insure that a viable trading market exists for a particular security. Such investments also may be adversely affected by state and U.S. federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spreads between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market prices of such securities to reflect their intrinsic value. It is anticipated that some of such securities in the portfolio of a Client may not be widely traded, and that the Client's position in such securities may be substantial in relation to the market for such securities. These types of securities require active monitoring and may, at times, require participation by HCM in bankruptcy or reorganization proceedings. To the extent that HCM becomes involved in such proceedings, the Client may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, certain Clients' participation in such proceedings may restrict or limit such Client's ability to trade securities of

the subject company. Additionally, any such securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings and, as a result, may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that HCM will correctly value the assets collateralizing a Client's loans or correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action or that any bankruptcy trustee will meet or outperform the announced liquidation plan.

Non-Publicly Traded and Illiquid Securities. Limitations on resale may have an adverse effect on the marketability of portfolio securities, and Clients might be unable to dispose of securities purchased in private placements or other illiquid securities promptly or at reasonable prices. Clients might also have to register such restricted securities in order to dispose of them, resulting in additional expense and delay. Adverse market conditions could impede a public offering of securities. Such investments may be difficult or impossible to sell or, if salable, may be salable only at a substantial discount to their perceived value.

Consequently, if a Client experienced substantial withdrawals of capital at a time when a material portion of the Client's portfolio was invested in non-publicly traded or illiquid securities, withdrawing or non-withdrawing investors could be adversely affected. Withdrawing investors could receive cash withdrawals leaving the Client with an increasingly illiquid portfolio. Alternatively, the Client could suspend withdrawals or effect withdrawals in kind by transferring non-publicly traded or illiquid securities to the withdrawing investors. Because there is little or no market for non-publicly traded or illiquid securities, the valuation assumptions with respect to such investments may prove incorrect. Such valuations will affect the Client net asset value and therefore the price at which investors may purchase or redeem interests or the amount of certain fees payable to HCM. Clients will not make any retroactive adjustment to the net asset value at which interests are purchased or redeemed based on subsequent adjustments to the Client's net asset value. The actual results could differ materially from the estimated valuations.

Over-the-Counter Derivatives. The trading of over-the-counter ("OTC") derivatives subjects Clients to a variety of risks including: 1) counterparty risk; 2) basis risk; 3) interest rate risk; 4) settlement risk; 5) legal risk and 6) operational risk. Counterparty risk is the risk that one of the Client's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk attributable to the movements in the spread between the derivative contract price and the future price of the underlying instrument. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law including, but not limited to, because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures.

Counterparty Risk. Some of the markets in which Clients may effect their transactions are OTC or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of risks relating to the credit or liquidity of the counterparty, the financial and operational soundness and creditworthiness of the counterparty and/or disputes over the terms of the contract (whether or not bona fide), thus causing the Client to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single or small group of counterparties. The ability of the Client to transact

business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Client. Clients are generally not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Such potential counterparty concentration could result in significant losses to Clients.

Investing in Non-U.S. Securities. Investing in non-U.S. securities involves considerations that are not applicable to investing in U.S. securities, including unfavorable changes in currency rates and exchange control regulations, reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees, local economic or political instability and greater market risk in general. In particular, investing in securities of issuers located in emerging market countries involves additional risks, such as exposure to economic structures that are generally less diverse and mature, and political systems that can be expected to have less stability, than those of developed countries. Other characteristics of emerging market countries that may affect investment in their markets include certain national policies that may restrict investment by foreigners in issuers or industries deemed sensitive to relevant national interests, and the absence of developed legal structures governing private and foreign investments and private property. The typically small size of the markets for securities of issuers located in emerging markets and the possibility of a low or nonexistent volume of trading in those securities may also result in a lack of liquidity and in price volatility of those securities. In addition, interest, dividends, capital gains and other income paid by non-U.S. issuers may be subject to withholding and other non-U.S. taxes that may decrease the net return on these investments.

Trading on Non-U.S. Exchanges. Certain Clients purchase and sell futures, options, commodities, currencies and fixed income and other securities on exchanges located outside the United States, where the regulations of the SEC and the CFTC do not apply. Trading on a non-U.S. exchange may involve certain risks not applicable to trading on U.S. exchanges, such as risks of fluctuations in the exchange rate between the currency of the locale of the non-U.S. exchange and U.S. dollars, exchange controls, expropriation, burdensome or confiscatory taxation, moratoriums, or political or diplomatic events.

Foreign Currencies. For the purpose of trading in spot foreign currency contracts, and forward or options contracts to purchase or sell foreign currencies, certain Clients will contract with or through its banks or brokers to make or take future delivery of a particular foreign currency. Although the foreign currency market is not believed to be necessarily more volatile than the market in other commodities, there is less protection against defaults in the forward trading of currencies because such forward contracts are not effected on or through an exchange or clearing house. Trading in spot foreign currency contracts is generally not regulated by the CFTC. Therefore, with respect to this trading, Clients will not be afforded the protections provided by CFTC regulation, including segregation of funds. Trading in options on foreign currencies and forward foreign currency contracts, however, is regulated by the CFTC (although a limited category of forward foreign currency contracts have been excluded from some of the regulations under the Dodd-Frank Act). Regulation could entail increased costs and, among other things, result in additional recordkeeping and reporting requirements.

Exchange Rate Fluctuations; Currency Considerations. A portion of certain Clients' assets may be invested in securities and other instruments denominated in various currencies and in other financial instruments, the price of which is determined with reference to such currencies. To the extent unhedged, the value of a Client's positions in investments will fluctuate with the exchange rates of the currencies in which the Client's investments are denominated or to which they are referenced, as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of one of these currencies compared to the other currencies in which the Client

makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Client's investments in their local markets and may result in a loss to the Client. Conversely, a decrease in the value of one of the currencies in which the Client's various investments are denominated will have the opposite effect.

Furthermore, a Client may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Client at one rate, while offering a lesser rate of exchange should the Client desire immediately to resell that currency to the dealer. Clients will conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell the currencies needed. It is anticipated that certain Clients' currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Client.

Clients may seek to protect the value of some portion or all of its portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when a Client wishes to use them or will be able to be liquidated when the Client wishes to do so.

In addition, any currency hedging transactions entered into by a Client may include a credit component, pursuant to which the Client may be required to grant to its hedging counterparty a security interest in certain of the Client's assets. Such security interest may include an undivided interest in all of the Client's assets, and may not be limited solely to the assets that are attributable to the classes to which the hedge relates. Accordingly, in such a case, if a Client defaults with respect to a currency hedging transaction relating solely to one set of interest classes, then the hedging counterparty could lay claim to an interest in all of the Client's assets, including those assets relating to the other classes.

Futures Trading. Certain Clients may trade in futures and options thereon. Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Moreover, exchange-traded futures positions are marked to the market each day, and variation margin payments must be paid to or by a trader. Futures trading may also be illiquid, and certain commodity exchanges do not permit trading in particular commodities at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits—which conditions have in the past sometimes lasted for several days with respect to certain contracts—a Client could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses.

Speculative Position, Price and Trading Limits and Other Exchange Risks. The CFTC and various exchanges impose speculative position limits on the number of positions that any trader, such as HCM, may directly or indirectly hold or control in particular commodities. In some cases all open positions in accounts managed or controlled, directly or indirectly, by HCM and any person or persons who are acting with the trading manager will be aggregated for the purpose of determining such position limits. HCM believes that from time to time established speculative position and trading limits may adversely affect its trading for Clients. It is possible that trading decisions may have to be modified from

time to time and positions liquidated in order to avoid exceeding applicable position limits, and a Client might be unable to enter into or hold certain positions if the accounts managed or controlled by HCM were to exceed the applicable limits. Such modification or liquidation could adversely affect the operations and profitability of the Client by increasing transaction costs to liquidate positions and limiting potential profits on the liquidated positions.

In addition, some U.S. commodity exchanges limit fluctuations in certain prices during a single day by imposing what are known as “daily price fluctuation limits” or “daily limits.” The existence of “daily price fluctuation limits” or “daily limits” may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, positions in the contract can effectively neither be taken nor liquidated. Contract prices in various investments may occasionally fluctuate beyond the daily limit for several consecutive days with little or no trading. Such occurrences could prevent a Client from promptly liquidating unfavorable positions and subject the Client to substantial losses, which could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not fluctuated beyond the daily limit, a Client may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.

As part of its emergency powers, an exchange or regulatory authority can suspend or limit trading in a particular investment or commodity interest, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix commodity prices or exchange rates, restricting or substantially eliminating trading in the affected commodities or currencies.

Options. Clients may engage in the trading of equity options and non-equity options including options on physical commodities and on futures contracts. Specific market movements of the securities, commodities, futures contracts or other instruments underlying an option cannot be predicted accurately. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the commodity futures contract or security underlying the option which the writer must purchase or deliver upon exercise of the option. Trading of commodity options involves risks substantially similar to those involved in trading commodity futures contracts or margined securities, in that options are speculative and highly leveraged. Clients may also engage in the trading of options on baskets of securities and stock indices.

Merger Arbitrage Transactions. Clients may engage in merger arbitrage transactions in which they purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Client may decline sharply and result in losses to the Client if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In addition, to the extent that the Client’s positions are significantly leveraged, delays in the consummation of a proposed transaction will increase the Client’s interest expense. In certain transactions, the Client may not be “hedged” against market fluctuations. This can result in losses, even if the proposed transaction is consummated. Conversely, if the Client has sold short securities that are the subject of a proposed tender offer, exchange offer, merger or similar transaction, and the transaction is in fact consummated, the Client may be forced to cover its short position in the market at a higher price than its

short sale, with a resulting loss. A short sale involves a risk of a theoretically unlimited increase in the market price of the security. Furthermore, if a Client has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, the Client is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to both its long and its short positions.

Risks of Publicly Traded Securities. Clients may be limited in their ability to make investments and to sell existing investments in public securities because HCM may have material, non-public information regarding the issuers of those securities or as a result of other HCM policies. Transactions in certain public securities, therefore, may be restricted. The inability to sell securities in these circumstances could materially adversely affect the investment results of a Client.

Special Opportunities Investments. Clients may make direct and indirect debt and equity investments targeting a particular asset or asset class by investing in or establishing businesses (on a joint venture basis or otherwise) engaged in particular types of activities (such as oil and gas exploration), various types of litigation claims and consumer receivables (such as automobile loans and real estate), commercial receivables, equipment and other leases, residential and commercial mortgage loans as well as other financial instruments that provide for the contractual or conditional payment of an obligation.

Third-Party Litigation. HCM or a Client may become involved in litigation with third parties due to, among other things, the Client's investment activities. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments, or bringing claims against third parties, would generally be borne by the Client and would reduce net assets.

Political and Economic Considerations. Clients may be affected by political and economic developments in or affecting certain non-U.S. markets in which the Client may trade, including those of developing countries, including changes in government policy, taxation and social, ethnic and religious instability. The economies of such countries may differ favorably or unfavorably from the economies in a more industrialized country in such respects as gross domestic product, rates of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Further, the economies in certain of such countries are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization or other developments could also adversely affect the assets of the Clients.

Turnover. A Client's trading decisions may be made on the basis of short-term market considerations. Therefore, a Client's turnover rate could be significant, requiring substantial brokerage commissions and fees.

Concentration and Diversification Risk. Even if a Client intends to hold a diversified portfolio, the Client may invest in a limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by the Client may be substantially affected by the unfavorable performance of a small number of such investments. In addition, the Clients do not have fixed guidelines for investment diversification. To the extent a Client's investments are concentrated in a particular industry, type of instrument or otherwise, the Client will be more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry or instrument.

Risks Related to the Clients

Effects of Suspensions of Redemptions or Redemptions in Kind. Under certain circumstances, certain Clients may suspend or limit redemptions (in whole or in part) as such Clients deem necessary in their sole discretion or make payments of redemption proceeds in kind rather than cash. After such in-kind distributions, the assets distributed may depreciate. In addition, there may be no secondary market for the assets distributed in kind.

Effects of Substantial Redemptions. Substantial requests for redemptions by investors could induce a Client to liquidate positions sooner than would otherwise be desirable, which could adversely affect the performance of the Client. Such redemptions may be effected by investors that are affiliates of HCM or whose capital is managed or advised by such affiliates. Affiliates of JPM act as discretionary or non-discretionary advisors to certain investors with respect to their investments in certain Clients, and there can be no assurance that any such investors will stay invested in any such Clients. Regardless of the period of time in which redemptions occur, the resulting reduction in the Client's net assets (and thus in its equity base) could make it more difficult for the Client to diversify its holdings and achieve its investment objective. In addition, the Client may become increasingly illiquid upon the redemption of a large investor or substantial requests for redemptions by other investors.

No Right to Control the HCM Funds' Operations. Clients will be managed exclusively by HCM and its affiliates. Investors will not make decisions with respect to the management, disposition or other realization of any investment, the day-to-day operations of the Clients, or any other decisions regarding the Clients' business and affairs, except for limited circumstances set forth in the relevant governing documents. Specifically, investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by the Clients. Investors should expect to rely solely on the ability of HCM and its affiliates with respect to the Clients' operations.

Business Development Dependent on Key Individuals. The success of the Clients is significantly dependent upon the expertise of certain key individuals. The loss of the services of such key individuals could have a substantial impact on Client performance.

Disclosure of Information Regarding Investors. HCM, a Client and/or one of their respective service providers or agents may from time to time be required or may, in their sole discretion, determine that it is advisable to disclose certain information about a Client and/or one or more of its investors to, among others, government and regulatory authorities of certain jurisdictions which have or assert jurisdiction over the disclosing party or in which a Client directly or indirectly invests, court authorities, self-regulatory organizations, or any other person, including, but not limited to, any party acting as placement agent for the Client, or any counterparty of, or service provider to, HCM or a Client.

Cyber-Security Risk. Certain Clients generally depend on HCM to develop and implement appropriate systems for their activities. Certain Clients may rely on computer programs to evaluate certain securities and other investments, to monitor investments, to trade, clear and settle securities transactions and to generate asset, risk management and other reports that are utilized in the oversight of the Client's activities. Like other business enterprises, the use of the Internet and other electronic media and technology exposes HCM, the Clients, and their respective service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorized access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur,

such as the inadvertent release of confidential information due to, for example, damage or interruption from computer viruses, network failures, computer and telecommunication failures, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Any cyber-event could adversely impact HCM, the Clients and their respective investors and cause HCM and the Client to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage, and additional costs associated with corrective measures. A cyber-security breach could also result in the loss or theft of investor data. A cyber-event may cause HCM, the Clients, or their respective service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Client's net asset value, or allow investors to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support HCM, the Clients and/or their respective service providers. In addition, cyber-events affecting issuers in which a Client invests could cause the Client's investments to lose value. The nature of malicious cyber-attacks is becoming increasingly sophisticated and HCM and the Clients cannot control the cyber systems and cyber-security systems of the issuers of the securities held by the Clients or third-party service providers.

Valuation of Assets. The valuation of Client assets is substantially dependent on the manner in which their trading portfolios are valued. Authority to value the assets and liabilities of the Clients and their trading portfolios has for many Clients been delegated to an appointed administrator, in consultation with HCM and in accordance with HCM's written valuation policies. Such administrators and HCM have a conflict of interest in connection with such valuations, particularly with respect to assets for which there is no readily ascertainable market value.

Prime Brokers; Futures Commission Merchants. Few or none of the securities owned by Clients are expected to be registered or titled in the name of the Clients. The majority of the Client's securities are held by its brokers. Securities and cash held in customers' accounts at prime brokers that are U.S. registered broker-dealers will not be available to the non-customer creditors of the prime broker. Nonetheless, if a prime broker became insolvent and there were not sufficient customer assets to pay all customers in full, then the securities and cash held in customers' accounts at the prime broker would be distributed pro rata among customers. Different results, including loss of U.S. regulatory protections, may also occur in the event that the customer of a U.S. prime broker permitted the prime broker to (i) rehypothecate or lend its assets or (ii) transfer its assets to a prime broker or other entity that is not a U.S. registered broker-dealer. If assets are held by a prime broker that is not a U.S. registered broker-dealer, the U.S. regulatory protections do not apply. In certain jurisdictions, with authority from the customer, such assets may be borrowed, lent or otherwise used by the prime broker for its own purposes. In the event of the insolvency of the prime broker, customers may rank as unsecured creditors and may not be able to recover equivalent assets in full.

The CEA requires a futures commission merchant to segregate funds deposited in a customer's commodity futures account. If a futures commission merchant fails to properly segregate customer funds, a Client may be subject to a risk of loss of its funds on deposit in the event of such futures commission merchant's bankruptcy or insolvency. In addition, under certain circumstances, such as the inability of another customer of a futures commission merchant or its own inability to satisfy substantial deficiencies in such other customer's account, a Client may be subject to a risk of loss of its funds on deposit even if such funds are properly segregated. In the case of any such bankruptcy or customer loss, a Client might recover only a pro rata share of all property available for distribution to all of the futures commission

merchant's customers. If no property is available for distribution, the Client would not recover any of its assets.

In addition, funds held in connection with non-U.S. futures contracts and U.S. futures contracts priced and settled in a foreign currency may be held in secured amount accounts located outside the United States and its territories. Such depositories are not subject to U.S. regulation. Client assets held in these depositories are subject to the risk that events could occur that would hinder or prevent the availability of these funds for distribution to customers including Clients. Such events might include actions by the government of the jurisdiction in which the depository is located, including expropriation, taxation, moratoria and political or diplomatic events.

In the event of the insolvency of a prime broker or futures commission merchant, a Client may encounter delays in establishing its rights to assets held by the insolvent prime broker and/or futures commission merchant.

Moreover, pursuant to the contracts entered into between the Clients and their prime brokers and/or futures commission merchants, Clients may be required to post significant margin amounts under certain circumstances. If unable to meet such requirements, the prime broker and/or futures commission merchant would be authorized to close out the positions of a Client. An immediate closing of a Client's positions would expose the Client to the risk that its positions would be liquidated at unfavorable prices.

Regulatory Risks

Changing Regulatory Environment. In addition to the enactment of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), the regulatory environment for private investment funds is evolving, and changes in regulation could occur that may adversely affect certain Clients and their investment results, or some or all of a Client's investors. There is a possibility that, in the future, a Client may be subject to new or revised legislation or regulations, which may be enforced by entirely new governmental agencies. Similarly, the Client may be adversely affected as a result of new or revised legislation, or regulations imposed by the SEC, the CFTC, the U.S. Internal Revenue Service, the European Commission, the European Parliament, the Council of the European Union, or other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. A Client or some or all of its investors also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which Clients conduct business. Furthermore, new regulations may impair the ability of the Client to obtain the leverage it seeks to pursue its investment strategies. New laws or regulations may also subject the Client or some or all of its investors to increased taxes or other costs.

Government Policies and Changes in Laws. Governmental regulatory activity, especially that of the Board of Governors of the U.S. Federal Reserve System, may also have a significant effect on interest rates and on the economy generally, which in turn may affect the price of the securities in which Clients plan to deal. Moreover, changes in non-U.S. nations' or U.S. federal or state tax laws, non-U.S. nations' or U.S. federal or state securities and bankruptcy laws or in accounting standards may make a Client's investments less profitable. Amendments to the U.S. Bankruptcy Code, non-U.S. bankruptcy laws or other relevant laws could also alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation.

AIFM Directive. The Alternative Investment Fund Managers Directive (the “**AIFM Directive**”) seeks to regulate “alternative investment fund managers” (each, an “**AIFM**”) based in the European Economic Area (“**EEA**”) and prohibits such managers from managing any alternative investment fund (“**AIF**”) or marketing shares or other ownership interests in such funds to EEA investors (“**EEA Investors**”) within the EEA unless authorization is granted to the AIFM. The AIFM Directive also imposes conditions on the marketing of funds that are established outside the EEA to EEA Investors in the EEA, even where not managed by a manager in the EEA, and requires that an AIFM be identified to meet such conditions where such marketing is sought. For these purposes, trading manager of Client portfolios, as the legal persons responsible for performing the portfolio and risk management of the Clients, will be the AIFM. The AIFM Directive may restrict the trading manager and the Client from engaging in certain activities and impose certain other requirements that may restrict their operations and increase their operating expenses. For example, the AIFM Directive imposes disclosure and reporting requirements on non-EEA AIFMs, such as the trading manager, in relation to the AIFs they market in the EEA.

Certain additional provisions of the AIFM Directive may come into force during the period through to the end of 2018. Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that would impair the ability of the trading managers to manage the investments of the Clients may materially adversely affect the Clients’ ability to carry out their investment strategy and their investment objective.

The Dodd-Frank Act and OTC Derivatives. The Dodd-Frank Act authorizes the SEC and the CFTC to mandate that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC derivatives submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or the CFTC. Certain CFTC-regulated derivatives are already subject to these rules and the CFTC expects to subject additional OTC derivatives to such trade execution rules in the future. The SEC has not indicated when they will impose clearing or trade execution requirements on the OTC derivatives that they regulate.

OTC derivative dealers typically demand the unilateral ability to increase a counterparty’s collateral requirements for cleared OTC derivatives beyond any regulatory and clearinghouse minimums. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations, as was widely permitted before the Dodd-Frank Act. Further, OTC derivative dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. These have and will continue to increase the OTC derivative dealers’ costs, and these increased costs may be passed through to a Client in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the imposition of new or increased fees, including clearing account maintenance fees.

The overall impact of the Dodd-Frank Act on Clients remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Effect on the Clients of the Volcker Rule. The Volcker Rule restricts a “banking entity” (such as JPM or any of its affiliates (including HCM)) from acquiring or retaining, as principal, any ownership interest in, or sponsoring, covered funds (such as the Client), as such terms are defined in the final regulations implementing the Volcker Rule. However, the final regulations permit a banking entity to organize and offer a covered fund if certain conditions are satisfied, including the requirement that the

banking entity and its affiliates do not acquire an ownership interest in the covered fund except for a permitted investment (generally, not more than three percent of the total number or value of the outstanding ownership interests of the covered fund), as defined in the final regulations.

Redemptions and/or withdrawals from a Client by individuals or entities that are related to, or affiliated with, JPM, including, without limitation, any investment vehicles advised by JPM and certain employees of JPM as a result of, or in connection with, the Volcker Rule could require the Client to liquidate positions sooner than would otherwise be desirable, which could adversely affect the performance of the Client. In addition, regardless of the period of time in which such redemptions and/or withdrawals occur, the resulting reduction in the Client's net assets, and thus in its equity base, could make it more difficult for the Client to diversify its holdings and achieve its investment objective. Substantial redemptions or withdrawals by investors related to or affiliated with JPM could cause the Client to distribute a considerable percentage of its liquid assets, leaving the Client's remaining portfolio, and the interests of the remaining investors, comparatively less liquid and could significantly increase the remaining investors' pro rata share of the Client's expenses. Similarly, investors related to or affiliated with JPM may be required to transfer their interests in the Client to a third party as a result of, or in connection with, the Volcker Rule and such transfers may have an adverse effect on the Client.

The Volcker Rule's prohibition on "covered transactions," as defined in Section 23A of the U.S. Federal Reserve Act, between HCM or any of its affiliates and the Client, or any other covered fund that is controlled by the Client, will restrict the activities of the Client. There may be certain investment opportunities, investment strategies or actions that HCM will not undertake on behalf of the Client in view of JPM's relationship to the Client or JPM's Client or firm activities. Further, the investment opportunities, investment strategies or actions of the Client may be limited in order to comply with the Volcker Rule's restriction on material conflicts of interest. A fund that is not advised by JPM or its affiliates, including HCM, may not be subject to these considerations.

Investment in Clients involves significant risks and is suitable only for investors who can bear the economic risk of loss of their entire investment and who generally have limited need for liquidity in their investment. There can be no assurance that Clients will achieve their investment objectives. Investment in Clients carries with it inherent and material risks that investors may be subject to other than those described above. Additional risks pertaining to specific Clients are disclosed in greater detail in the offering materials and/or disclosure documents of each fund. We encourage prospective investors to carefully review the full description of risk factors presented in their offering and/or disclosure documents prior to making a decision to invest in the Client. However, neither the foregoing list of risk factors, nor the risk factors presented in the offering and/or disclosure documents, purport to be a complete enumeration or explanation of the risks involved with investing in a Client. Any losses incurred by investors in a Client will be borne solely by such investors and not by HCM or its affiliates or subsidiaries; therefore, any losses borne by HCM and its affiliates and subsidiaries in such Client will be limited to losses attributable to their ownership interests in such Client (if any) in their capacity as investors in the Client.

Item 9 - Disciplinary Information

We do not believe that there have been any legal or disciplinary events that are material to our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

HCM directly controls the following Relying Advisers:

- Highbridge Capital Management (UK), Ltd.
- Highbridge Capital Management (Hong Kong) Limited

Each of the Relying Advisers is involved in identifying and monitoring investments recommended or made on behalf of one or more Clients. The Relying Advisers conduct no other investment advisory activities. Principals and employees of the Relying Advisers are subject to HCM's Code of Ethics.

Highbridge Capital Management (UK), Ltd. ("**HCMUK**"), a subsidiary of HCM in the United Kingdom, was organized in January 1998 and has its principal place of business at Devonshire House, 1 Mayfair Place, London W1J 8AJ. HCMUK is authorized in the United Kingdom to carry out asset management services to HCM. HCMUK currently provides investment advice solely to HCM with respect to certain HCM Funds.

Highbridge Capital Management (Hong Kong), Limited ("**HCMHK**") was incorporated in March 2004 and is a subsidiary of HCM. HCMHK has its principal place of business at 15 Queen's Road, The Landmark, York House, 14th Floor Central, Hong Kong. HCMHK has obtained a license in Hong Kong to carry out asset management services to HCM. HCMHK currently provides investment advice solely to HCM with respect to certain HCM Funds.

SEC and CFTC

HCM is registered with the CFTC as a commodity trading advisor and a commodity pool operator and is a member of the National Futures Association. Certain HCM employees are registered with the CFTC as associated persons of HCM. Certain HCM employees are registered representatives of an affiliated broker-dealer.

A trading manager is required to aggregate those futures and options on futures positions that it or its principals own or control for speculative position limit purposes. Therefore, all futures and options on futures positions owned or controlled by HCM will be aggregated for speculative position limit purposes. In the future, positions of other entities that are owned or controlled by HCM or its principals may be aggregated with HCM's positions. As a result, HCM, as well as any such other entities in the future, may be required to revise trading orders for their respective Clients as a result of such aggregation.

Service Agreements with Financial Industry Affiliates

As mentioned in Item 5 above, HCM acts as sub-investment manager to the SICAVs pursuant to investment sub-advisory agreements with JPMorgan Asset Management (Europe) S.à.r.l. In addition, an affiliate of JPM, J.P. Morgan Bank Luxembourg S.A., serves as the custodian for the SICAVs.

Certain affiliates of JPM, including, but not limited to, J.P. Morgan Securities LLC, JPMorgan Distribution Services, Inc., J.P. Morgan Institutional Investments, Inc., J.P. Morgan Asset Management Marketing Limited, J.P. Morgan Asset Management (UK) Limited, JPMorgan Asset Management (Europe) S.à.r.l., J.P. Morgan (Suisse) SA, JPMorgan Funds (Asia) Limited, JPMorgan Asset

Management (Singapore) Limited and J.P. Morgan Securities plc (together with its affiliates, “JPMS”) serve as placement agents for HCM Funds. JPMS does not receive placement fees from HCM Funds but in certain cases receives fees directly or indirectly from HCM, and from certain investors subscribing for shares/interests in certain HCM Funds. In addition, JPM, as owner of HCM, indirectly benefits from the services of JPMS, which places shares/interests in HCM Funds by increasing the assets upon which HCM receive fees directly or indirectly from HCM Funds. As such, JPM may separately compensate JPMS for certain placement activities undertaken by JPMS on behalf of HCM. The compensation to JPMS relating to sales of HCM Funds may be greater than that of other products that JPM is offering, and accordingly, JPMS may have an incentive to sell interests in HCM Funds over such other products.

In connection with the Transaction noted in Item 2, and to facilitate an orderly separation of HPS from JPMAM, HPS and its affiliates will obtain certain operational and financial services from HCM and certain of its employees for a limited period of time following the Transaction as part of a Transition Services Agreement.

Affiliated Broker-Dealers – Affiliate Transactions

Certain Clients engage in principal transactions with JPM and its affiliates as counterparty, including, but not limited to, J.P. Morgan Securities LLC and J.P. Morgan Securities plc, and may do so in the future. Certain Clients may also engage in agency cross transactions with or through JPM and its affiliates with respect to which JPM or its affiliates receive commissions, fees or markups. These transactions create a conflict of interest between HCM’s interest in assuring that Clients receive best execution on all transactions and in limiting or reducing the fees paid by the Clients, and HCM’s interest in generating profits and fees for JPM and its affiliates. An agency cross transaction arises when an investment adviser, or any broker-dealer affiliated with the adviser, acts as a broker in a securities transaction for both an advisory Client and another Client on the opposite side of the transaction. The affiliated broker-dealer effects the securities transaction by transferring (or crossing) the securities from one account to another and earns commissions from both sides. HCM would not be able to cause a Client to enter into principal transactions with JPM absent consent on a transaction-by-transaction basis before completion of each such transaction. In addition, HCM would not be able to cause a Client to enter into agency cross transactions through JPM absent consent on a blanket prospective basis and disclosures on a transaction-by-transaction basis. The ability of such Clients to enter into the transactions described above may be further limited due to the Dodd-Frank Act, including the Volcker Rule. In order for Clients to enter into these principal and/or agency cross transactions with or through JPM, HCM or any of their affiliates in an efficient manner that is also consistent with applicable law, including Section 206(3) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), the board of directors, general partner or trustee of the Client or the Client directly may select a third party unaffiliated with HCM to review and/or approve or disapprove any such transactions consistent with applicable law. In connection with principal transactions, this means that the unaffiliated third party reviews the terms of each transaction before its completion and approves or disapproves it. In connection with agency cross transactions, this means that the unaffiliated third party or the board of directors, general partner or trustee (as applicable) would be provided with disclosure of certain details regarding the agency cross transactions with other Clients of JPM. A more complete description of this process is included in the Client’s offering and/or disclosure documents. The fee charged by the unaffiliated third party for these services is generally an expense of the Client. Such unaffiliated third party may perform other services for Clients, including valuation services.

Certain HCM Funds will be treated as affiliated entities for purposes of Sections 23A and B of the Federal Reserve Act, as amended. Those sections require that banking subsidiaries of JPM comply with certain standards and restrictions in dealing with affiliates such as HCM. As a result, certain HCM Funds may be prohibited from engaging in certain transactions directly with JPM.

Certain Clients may be deemed indirectly “controlled” for purposes of the Bank Holding Company Act of 1956, as amended (the “**BHCA**”). As a result, so long as such Clients are deemed “controlled,” those Clients will be limited in investment activities, including the amount of their equity investment in a particular issuer, the length of time that they may hold a particular investment, and if applicable, the ability to have input into the business plans of an issuer. In addition, during any time Clients are deemed “controlled,” for purposes of calculating maximum permitted ownership under various statutes, positions held by such Clients will be aggregated with positions held by JPM and certain accounts managed by affiliates of JPM.

Selection of Service Providers

The HCM Funds and/or their advisors and service providers (including accountants, administrators, bankers, prime brokers, futures commission merchants, derivatives counterparties, attorneys, specialists and consultants) or their affiliates may provide goods or services to, or have business, personal, financial or other relations with JPM and/or HCM, their affiliates and their advisory clients. Such service providers may be investors in HCM Funds, co-investors or commercial counterparties or entities in which JPM has an investment. Additionally, certain employees of JPM or HCM may have family members or relatives employed by such advisors and service providers. These relationships may influence HCM in deciding whether to select or recommend such service providers to perform services for HCM Funds (the cost of which will generally be borne directly or indirectly by the Client).

HCM has policies and procedures related to the use of third party service providers. HCM conducts initial and on-going reviews of such service providers taking into account such factors as expertise, quality of service, operational and regulatory controls, competitiveness of compensation rates, and comparing those factors with other similar providers. Finally, JPM and its affiliates have entered into arrangements with service providers that include fee discounts for services rendered to JPM and its affiliates. For example, certain law firms retained by JPM or one or more of its affiliates discount their legal fees based upon the type and volume of services provided to JPM or its affiliates. The cost of legal services paid by Clients is separately negotiated and is not included in the negotiation or calculation of the JPM rate and, as a result, the fees that are charged to Clients typically reflect higher billing rates. In the event legal services are provided jointly to JPM or its affiliates and one or more Clients with respect to a particular matter, such Clients and JPM will each bear their pro rata share of the cost of such services which may reflect the JPM discount or a higher rate, depending on the facts and circumstances of the particular engagement.

JPM Special Purpose Vehicles

JPM and its affiliates have established various special purpose vehicles (the “**JPM SPVs**”) for certain JPM clients to hold interests in certain HCM Funds. HCM does not serve as the investment manager of the JPM SPVs.

J.P. Morgan Private Investments Inc. (“**JPMPI**”), a wholly owned subsidiary of JPM, is the administrator of the JPM SPVs. JPMPI has no role in the business, operations, investments or investment decisions of HCM Funds and JPMPI does not serve as administrator to HCM Funds.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

HCM has adopted a Code of Ethics (the “**Code**”) and each of the Relying Advisers has adopted the Code. The Code obligates all principals, officers, directors, employees and other persons associated with HCM or designated by the Compliance Department (“**Supervised Persons**”) to put the interests of the Clients before their own personal interests in connection with their fiduciary duties. All of the Supervised Persons are also required to comply with all applicable federal securities laws and to report violations of the Code. As part of the Code of Ethics, HCM has adopted policies and procedures that are designed to mitigate potential conflicts of interest including, but not limited to, those related to insider trading and the misuse of material non-public information, personal trading, political contributions, and outside activities. HCM also maintains a gifts and entertainment policy requiring the reporting of gifts and entertainment and restricts the acceptance of certain gifts. On at least an annual basis, but more often quarterly, Supervised Persons are required to complete certifications with respect to their personal accounts, holdings, transactions, political contributions, outside activities, and gifts and entertainment for the preceding period. Additionally, all HCM employees are subject to certain JPMC firm-wide policies and procedures including the JPMC Code of Conduct. HCM employees are required to periodically, but no less than annually, certify that they have complied with the provisions contained in the JPMC Code of Conduct.

As part of HCM’s personal trading policy, Supervised Persons of HCM are required to disclose their securities holdings. Trading in securities in personal accounts of Supervised Persons as well as the purchase of any private placement or other private investment is subject to preclearance by HCM’s Compliance Department (the “**Compliance Department**”). The principals, employees or other related persons of HCM may from time to time purchase interests in one or more Clients subject to HCM policies and procedures, including relevant regulatory requirements such as the Volcker Rule. Holding periods (generally 60 days) apply to purchases and sales of securities in personal trading accounts. Securities that have been or may be traded for Client accounts may not be traded in personal trading accounts during certain blackout periods. Generally, no Supervised Person may purchase a security in an initial public offering. Trading in employee accounts is reviewed by the Compliance Department on a pre- and post-trade basis. The Compliance Department may choose to grant exceptions to the personal trading policy in limited circumstances, based on the consideration of individual facts and circumstances.

Clients and prospective Clients may obtain access to a copy of the Code by contacting the Compliance Department at (212) 287-4900.

Information Barriers

HCM has adopted Information Barrier policies and procedures related to communications between employees of HCM and JPM, which generally prohibit the sharing of investment related information between HCM and JPM. In addition to the information barrier between HCM and JPM, there exists an information barrier, and associated policies and procedures, between JPM and HCM, which also generally prohibit the sharing of certain investment related information between JPM and HCM. As such, HCM maintains one or more restricted lists which are composed of companies whose securities are subject to certain trading prohibitions due to HCM’s, JPM’s or their affiliates’ business activities.

Cross Trades

Subject to requirements of applicable law, and without limiting the generality of the foregoing, HCM will from time to time cause a Client to sell or transfer a security or an instrument to another Client. HCM

may engage in the practice of cross trading in order to “rebalance” the portfolios, where a particular Client needs liquidity, where investment objectives differ, to reduce or eliminate transaction costs or market impact, in order to combine accounts or otherwise. HCM has adopted policies and procedures designed to appropriately manage the conflicts associated with such transactions.

Relationship with JPM

As described in Item 10 above, certain Clients engage in principal transactions with JPM and its affiliates as counterparty, and may do so in the future.

HCM utilizes JPMS as an executing broker in transactions for Clients. In such instances, HCM will be acting in a fiduciary capacity and JPMS will receive normal consideration for the services it renders. HCM may effect trades on behalf of Client accounts through exchanges, electronic communication networks or other alternative trading systems (“ECNs”), including ECNs sponsored by JPM or in which HCM or its affiliates have a direct or indirect ownership interest or on which HCM or its affiliates have a board seat. In certain instances, HCM and/or its affiliates may be deemed to control one or more such ECNs based on the level of such ownership interest and board representation.

If HCM directly or indirectly effects Client trades through ECNs in which HCM or its affiliates have an ownership interest, HCM or its affiliates may receive a direct or indirect economic benefit based on their ownership interest. For example, HCM may effect Client trades through JPM-X, an ECN sponsored and wholly-owned by JPM. The ECNs on which HCM trades for Client accounts and in which HCM or its affiliates own interests may change from time to time. You may contact HCM for an up-to-date list of ECNs in which HCM or its affiliates own interests and on which HCM trades for Client accounts.

Certain ECNs offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that HCM receives from one or more ECNs may exceed the amount that is charged. Certain ECNs through which HCM may directly or indirectly effect Client trades execute transactions on a “blind” basis, so that a party to a transaction does not know the identity of the counterparty to the transaction. It is possible that an order for a Client account that is executed through such a ECN could be automatically matched with a counterparty that is (i) another investment advisory or brokerage Client of HCM or one of its affiliates or (ii) HCM or one of its affiliates acting for its own proprietary accounts.

JPM and its affiliates have, and continue to seek to develop, banking and other financial and advisory relationships with numerous domestic and overseas companies and governments. JPM and its affiliates also advise and represent potential buyers and sellers of businesses worldwide. Clients may have invested in, or may wish to invest in, such an entity represented by JPM or its affiliates or with which JPM or its affiliates have a banking or other financial relationship. JPM and its affiliates also have relationships with, and represent, entities that may have invested in or may wish to invest in companies in which the Client invests. In addition, JPM and its affiliates may represent, or may provide acquisition financing to, a Client competing with the Client for an investment in a company. In providing services to its Clients, JPM and its affiliates may recommend activities that would compete with or otherwise adversely affect the Client or the Client’s investments. It should be recognized that under certain circumstances identified actual or potential conflicts arising from such relationships may indirectly preclude the Client from engaging in certain transactions and may constrain the Client’s investment flexibility.

HCM on behalf of Clients, consistent with regulatory requirements and relevant Client guidelines, will purchase securities or participate in offerings including, but not limited to, initial public offerings (“IPOs”), secondary offerings and new issuances of debt, in which JPM or an affiliate act as a manager, co-manager, underwriter, placement agent, arranger or in another capacity in which JPM or an affiliate

receives fees or other compensation. In addition, an investment could be made where there is an indirect benefit to JPM or its affiliates (e.g., if the proceeds of the investment were used by the issuer to repay a loan that had been provided to the issuer by JPM or its affiliates). Purchases may also be made in offerings where JPM or its affiliates (or funds advised by its affiliates) are selling shareholders. Participation in such offerings are reviewed by Compliance to ensure that any such potential conflicts are identified and mitigated in accordance with regulatory requirements and internal procedures.

From time to time, the activities of certain Clients may be restricted because of regulatory requirements applicable to JPM or its internal policies designed to comply with, limit the applicability of, or that otherwise relate to such requirements. An investment fund not affiliated with JPM would not be subject to some of those considerations in relation to transactions with JPM. There may be periods when HCM may not initiate or recommend certain types of transactions, or may otherwise restrict or limit its advice in certain securities, derivatives and other instruments issued by or related to companies for which JPM is performing investment banking, market making or other services or has proprietary positions. For example, when JPM is engaged in an underwriting or other distribution of securities of, or advisory services for, a company, certain Clients may be prohibited from or limited in purchasing or selling securities of that company. In addition, there may be certain investment opportunities, investment strategies or actions that HCM will not undertake on behalf of a Client in view of JPM's Client or firm activities.

To the extent permitted by applicable law, certain Clients make short-term investments of excess cash in money-market funds and other instruments sponsored or managed by JPM and/or its affiliates. In connection with any of these investments, such Clients pay all fees pertaining to investments in such money-market funds, and, in such event, no portion of any fees otherwise payable by the Clients are offset against fees payable in accordance with any of these investments (i.e., there could be "double fees" involved in making any of these investments). In these circumstances, as well as in other circumstances in which JPM or its affiliates receive any fees or other compensation in any form relating to the provision of services, no accounting or repayment to such Clients will be required. Currently, certain Clients invest in such money-market funds.

JPM and its affiliates may provide financial, consulting, investment banking and other services to, and receive customary compensation from, an entity which is the issuer of a security or the borrower with respect to a loan investment purchased or held by a Client. In addition, JPM and its affiliates may provide financial, consulting, investment banking and other services to HCM. Any fees or other compensation received by JPM or its affiliates in connection with such activities will not be shared with the Client or any investor in the Client. Such compensation could include financial advisory fees or fees in connection with restructurings or mergers and acquisitions, as well as underwriting or placement fees, financing or commitment fees, trustee fees and brokerage fees. Moreover, when JPM or its affiliates provide or arrange financing to a borrower in which a Client has invested, the holder of the senior securities (which may include JPM or its affiliate) may have, and in the event of the borrower's financial distress or insolvency will have, interests substantially divergent from those of the Client. There can be no assurance that JPM will be able to accommodate the interests of such Client or that of its investors.

JPM may derive ancillary benefits from providing investment advisory, distribution, transfer agency, administrative and other services to Clients, and providing such services to a Client may enhance JPM's relationships with various parties, facilitate additional business development and enable JPM to obtain additional business and generate additional revenue. In addition, JPM may derive ancillary benefits from certain decisions made by HCM. While HCM will make decisions for their Clients in accordance with their obligations to manage their assets appropriately, the fees, allocations, compensation and other benefits to JPM (including benefits relating to business relationships of JPM) arising from those decisions may be greater as a result of certain portfolio, investment, service provider or other decisions made by

HCM for certain Clients than they would have been had other decisions been made which also might have been appropriate for such Clients.

Certain Effects of the Activities of HCM, JPM and the Affiliated Group

Under certain circumstances, Clients will invest in connection with a transaction in which JPM and/or HCM or their affiliates, principals or employees (the “**Affiliated Group**”) have already invested or are expected to participate. In some cases, HCM may invite the Affiliated Group to co-invest with the Clients because, for example, the investment opportunity is larger than the typical investment amount for the Clients or because co-investing with the Affiliated Group may provide the Clients or the portfolio company in which the Clients invest with certain benefits. In such cases, the amount available for investment by the Clients may be correspondingly reduced to permit the Affiliated Group the opportunity to co-invest. Clients may also partner with other entities in which the Affiliated Group holds an investment or with which the Affiliated Group has a significant business relationship. HCM has the discretion to grant co-investment rights and to determine the terms of any co-investment by its Clients, and the terms on which the Affiliated Group may co-invest in an investment opportunity may be substantially different, and potentially more favorable, than the terms on which such Clients invest.

In addition, the terms of the Clients’ investment, including the type of instrument purchased, may be different from the terms of the Affiliated Group’s investment or the type of instrument the Affiliated Group purchases. Conflicts could arise after the Affiliated Group on the one hand, and the Clients on the other hand, make investments in the same issuer with respect to the issuer’s strategy, growth and financing alternatives and with respect to the manner and timing of the Clients’ exit from the investment compared to the Affiliated Group’s exit. Should the Affiliated Group invest in a different type of instrument from the instrument purchased by the Clients, additional conflicts may arise, particularly if the issuer experiences financial difficulties.

The Affiliated Group may also have short positions in the same security or instrument or a different security or instrument in the same issuer as a security or instrument purchased by the Clients, which may present additional conflicts, particularly if the issuer experiences financial difficulties.

In addition, members of the Affiliated Group may trade for their own accounts and may manage accounts for other individuals or entities, including entities in which the Affiliated Group or its directors or employees may hold an interest, either directly in managed accounts or indirectly through investments in private investment entities. Any of such accounts may pay different fees, trade with different amounts of leverage or utilize different trading strategies than the Clients. In addition, Clients may enter into transactions with such accounts and the Affiliated Group may invest in and trade the same securities and instruments on behalf of such accounts that a Client invests in and trades. The Affiliated Group or its personnel may have income or other incentives to favor such accounts. The records of any such investments by members of the Affiliated Group will not be open to inspection by investors. HCM, however, will not knowingly or deliberately favor any such accounts over the Clients in its dealings on behalf of such accounts.

JPM and/or its affiliates, subject to applicable law, may also make a market in and conduct proprietary trading activities in securities of, or other investments in, companies in which a Client invests for JPM’s own account, or accounts of its affiliates, and for the account of JPM’s or its affiliates’ clients. JPM’s trading and other business activities are conducted independently of, and without reference to positions held directly or indirectly by, the Clients, and may have an effect on the value of the positions held by the Clients or may result in JPM having an interest or taking actions that are adverse to the interests of the Clients. For example, JPM may recommend activities that would compete with or otherwise adversely affect the Clients or the Clients’ investments. Because JPM has procedures designed to prevent

confidential information from reaching other areas of the firm, in certain instances HCM may not have any knowledge of these relationships or actual or potential conflicts. JPM is not under any obligation to share any investment opportunity, idea or strategy with the Clients or to take into account the Clients' interest.

HCM may recommend that certain Clients (including Client funds) invest all of their investable assets in other Client funds pursuant to a master-feeder fund structure. In addition, HCM and its affiliates, on the one hand, and one or more Clients, on the other, may invest in different classes of securities of the same issuer, and the classes in which HCM and its affiliates invest may not have the same rights as the classes in which such Clients invest. Moreover, multiple Clients may pursue or enforce rights with respect to a particular issuer, or HCM, JPM and/or their affiliates may pursue or enforce rights with respect to a particular issuer on behalf of one or more Clients, and such actions may not always be favorable to each of the Clients. Finally, in certain instances, personnel of HCM may obtain information about an issuer that is material to the management of certain Clients' portfolios and that could limit the ability of personnel of HCM to buy or sell securities of the issuer on behalf of other Clients.

The principals, employees or other related persons of HCM may from time to time serve as directors of companies that Clients invest in and, in that capacity, will be required to make decisions that they consider to be in the best interests of such companies. In certain circumstances, such as in situations involving bankruptcy or near insolvency of a company, actions that may be in the best interest of such company may not be in the best interests of the Clients, and vice versa. Accordingly, in these situations, there may be conflicts of interests between an individual's duties as a principal, employee or other related person of an HCM Entity and such individual's duties as a director of such company.

Item 12 - Brokerage Practices

Selection Criteria, Generally

In general, Clients will invest directly or indirectly in securities and other interests. HCM may select any broker or dealer, including its affiliates, and has a formal review process to approve such relationships. HCM, as an investment adviser, is under a duty to obtain “best execution,” which the SEC generally describes as a duty to execute securities transactions so that a Client’s total costs or proceeds in each transaction are the most favorable under the circumstances. This duty generally begins with a requirement that HCM obtain the best price available for the securities in each transaction. However, HCM may not always pay the lowest possible commission or markup or markdown, but may take into account a number of factors when determining best execution, including, but not limited to, a broker’s trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, willingness to commit capital, access to a particular trading market, availability of securities to borrow or short sales, and the value of research it provides. HCM may give consideration to certain of these factors more than others in choosing brokers depending on the particular investment strategy at issue. HCM conducts periodic reviews of the execution quality provided by broker-dealers used by HCM. HCM may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than solely relying on receiving the most favorable execution.

Soft Dollars

HCM is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. HCM may consider the value of research services or products that a broker-dealer provides to the Clients of HCM. Because many of those research services could benefit HCM and other Clients of HCM, a conflict of interest may exist in allocating a Client’s brokerage business. HCM intends to comply with Section 28(e) of the Securities Exchange Act of 1934, as amended, except with respect to securities transactions for which Section 28(e) is unavailable. Under Section 28(e), HCM’s use of a Client’s commission dollars to acquire research products and services is not a breach of its fiduciary duty to the Client—even if the brokerage commissions paid are higher than the lowest available—as long as (among certain other requirements) HCM determines that the commissions are reasonable compensation for both the brokerage services and the research acquired. The types of research HCM acquired during the last fiscal year includes, but is not limited to: reports or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities and financial publications. The “safe harbor” under Section 28(e) applies to the use of the Client’s “soft dollars” even when the research acquired is used in making investment decisions for other Clients. Conversely, the research information provided to HCM by brokers through which other Clients of HCM or its affiliates effect securities transactions may be used by HCM or its affiliates in providing services to other Clients. The safe harbor is not available where transactions are effected on a principal basis with a markup or markdown paid to the broker-dealer, and is not available for services or products that do not constitute research. Additionally, the safe harbor is not applicable to futures transactions. HCM does not currently engage in any third-party soft dollar arrangements.

Prime Brokers and Futures Commission Merchants

Prime brokers and futures commission merchants may provide a variety of services to HCM Funds and other Clients of HCM, which may include clearance and settlement of transactions, placement agent services, custody of the Clients’ investment instruments and cash, extending margin credit to Clients, arranging for stock loans to implement short sales, lending of the Clients’ portfolio securities to third

parties and capital introduction services whereby HCM may be afforded the opportunity by the prime brokers and/or futures commission merchants to make a presentation regarding its services to certain qualified investors. While the prime brokers, futures commission merchants and/or their affiliates generally provide capital introduction services at no additional cost and certain other services at favorable or below market rates, HCM, and not the Client, may be the principal or sole beneficiary of those services, thus presenting a potential conflict of interest between the Client and HCM, which is responsible for selecting the prime brokers and/or futures commission merchants and negotiating such Client's brokerage, margin and other fees. HCM may have brokerage relationships with other Clients of HCM which may benefit such other Clients, thus presenting a potential conflict of interest between such other Clients and HCM.

HCM currently engages certain brokers, affiliates of which may refer investors to certain HCM Funds. HCM pays a portion of the management fee and/or incentive fee to such affiliates of the brokers for referring investors to HCM Funds.

HCM does not currently have any Clients that engage in direct brokerage.

Aggregation and Allocation

Aggregation (or "bunching") describes the practice of combining the orders of more than one Client for the purchase or sale of the same security. HCM will often employ this practice because generally, larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. In the event that an aggregated order is not completely filled (or is filled throughout the trading day at different prices), the partially filled order (or the various prices) will be average priced and allocated on a fair and consistent basis. With respect to the statistical arbitrage portfolios, because each portfolio has its own dedicated Optimizer, trade lists are not aggregated and orders are sent to market for specific portfolios. Therefore, there is no post trade allocation required.

Subject to applicable law, including the U.S. Employee Retirement Income Security Act of 1974, as amended, HCM has developed policies and procedures that provide that it will allocate investment opportunities and make purchase and sale decisions among Clients in a manner that it considers, in its sole discretion and consistent with its fiduciary obligation to the Clients, to be reasonable. In many cases, these policies may result in the pro rata allocation of limited opportunities across Clients' accounts, but in many other cases, the allocations may reflect numerous other factors based upon HCM's good faith assessment of the best use of such limited opportunities relative to the objectives, limitations and requirements of each Client and applying a variety of factors, including those described herein. HCM seeks to treat all Clients reasonably in light of all factors relevant to managing an account, and in some cases it is possible that the application of the factors described below may result in allocations in which certain Clients may receive an allocation when other Clients do not. Similarly, HCM may cause the liquidation of such positions for Clients in its discretion in accordance with the foregoing principles. Such allocations or liquidations may benefit one Client over another or may be detrimental to a Client. Certain Clients may be restricted from making some types of investments due to (i) regulatory prohibitions, such as with respect to "new issue" securities; (ii) prohibitions on investing in options or other contractual restrictions; or (iii) differing investment objectives, policies or risk parameters. HCM conducts periodic surveillance reviews with respect to similarly managed Clients.

Without limiting the generality of the foregoing, certain of the SICAVs employ trading strategies similar or substantially similar to the trading strategies employed on behalf of one or more HCM Funds. Certain of the SICAVs, however, do not employ certain categories of strategies or instruments employed by the related HCM Funds. There is a conflict of interest between the interest of investors investing in the HCM Funds to benefit from such strategies and/or instruments and the interest of HCM in allocating investment opportunities to the HCM Funds from which HCM receives higher fees. This allocation of investment

opportunities may, among other reasons, impact the relative performance of such SICAV and their related HCM Funds.

Initial public offerings and secondary offerings are purchased for certain HCM Funds as disclosed in applicable offering memoranda.

HCM anticipates that certain Clients may make an investment in a company in which another Client holds an investment in a different class of such company's debt or equity. In such circumstances, HCM may face a conflict in making decisions with respect to such securities given their different rights and economic interest in the company. Generally speaking, HCM expects that Clients will make such investments only when, at the time of its investment, HCM believes that such investment is in the best interests of the Client, notwithstanding the potential for conflict. In those circumstances where Clients hold investments in different classes of a company's debt or equity, HCM may, to the fullest extent permitted by applicable law, take steps to reduce the potential for adversity between each of them, including causing the first account to take certain actions that, in the absence of such conflict, it would not take, such as (i) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security holders), (ii) investing in the same or similar classes of securities as the second Client in order to align their interests, (iii) divesting investments or (iv) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting one HCM Client or HCM or its affiliates and might not be in the best interests of or may be adverse to another Client.

Trade Error

Although HCM exercises due care in making and implementing investment decisions, employees of HCM may from time to time make errors with respect to trades made on behalf of a portfolio. Examples of trade errors include: (i) the placement of orders (either purchases or sales) in excess of the amount of securities HCM intended to trade; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; (v) the purchase or sale of a security contrary to explicit regulatory restrictions or portfolio investment guidelines or explicit restrictions; and (vi) incorrect allocations of securities. Errors that do not result in transactions for a portfolio (such as transactions that result in loss of an investment opportunity) will not be viewed as trade errors. HCM will not be liable to a portfolio for any trading losses, liabilities, damages, expenses or costs resulting from trade errors by HCM except those losses, liabilities, damages, expenses or costs (i) resulting from HCM's intentional misconduct, bad faith or gross negligence or (ii) that may not be waived or limited under applicable law. When determining whether a trade error is the result of gross negligence or not, HCM does not determine whether the individual trading error resulted from HCM's gross negligence *per se*; rather, HCM considers if their supervisory procedures were inadequate to prevent such trading errors from recurring with any frequency. HCM will be conflicted when making such decision.

Multiple Trading Desks and Similar Strategies

HCM has multiple trading desks, which are utilized by different portfolio managers and managed by different traders. As noted in Item 8 above, HCM employs a variety of trading and investment strategies by which the HCM Funds and SICAVs are managed. In certain instances, an HCM portfolio manager may utilize a strategy similar to that of another HCM portfolio manager. The existence of similar strategies employed by multiple portfolio managers utilizing multiple trading desks may result in the trading desks placing simultaneous competing orders and/or opposite orders for the same or similar securities, which could cause one or more adverse consequences, including, among other things, paying a higher price or receiving a smaller allocation, for HCM Funds, SICAVs and/or the Listed Company. The existence of similar strategies employed by multiple portfolio managers utilizing multiple trading desks may also result in opposite and/or subordinated positions being held in the same issuer's securities due to

the individual portfolio manager's conviction and the applicable investment guidelines for the HCM Funds and/or SICAVs, which may present additional potentially adverse consequences, especially if the issuer experiences financial difficulties.

Item 13 - Review of Accounts

HCM conducts various reviews of the activities of the HCM Funds, SICAVs and the Listed Company. The aggregate portfolio risk exposures are continuously monitored and reviewed for HCM Funds by an experienced in-house risk management team at the direction of HCM's Chief Risk Officer. The team analyzes and reviews quantitative risk metrics such as long, short, gross and net market exposures; risk sensitivities (such as sensitivity to equity prices, credit spreads and/or interest rates); loss under adverse stress scenarios; volatility; market beta; and liquidity. In addition, the Risk Management team examines sources of outsized profits and losses to identify areas to improve risk estimates and forecasts. In conjunction with the Risk Management team, the Chief Compliance Officer and/or his designee(s) conduct routine reviews of trading activity in Client accounts. Transactions are reviewed to ensure compliance with internal policies and procedures, applicable regulatory limitations and certain investment guidelines.

The administrators to the HCM Funds and the SICAVs are responsible for conducting daily reconciliations of cash and positions. HCM also performs shadow reconciliations of the administrators activities as part of its on-going oversight responsibility to the HCM Funds and the SICAVs.

Clients and/or shareholders and limited partners of HCM Funds will generally be sent bi-monthly performance estimates. In addition, shareholders or limited partners of HCM Funds will generally be sent written monthly investor statements setting forth customary information and certain additional information as agreed between certain shareholders or limited partners and HCM. In addition, each shareholder and limited partner of the HCM Funds will receive a quarterly investor letter and written annual reports containing audited financial statements and other indicia of performance. The SICAVs and Listed Company are closed-end funds for which daily liquidity and NAV information is publicly available. In addition, SICAV shareholders will generally receive information from JPM regarding the strategy, including monthly factsheets and monthly and quarterly commentary. The Listed Company will generally receive weekly performance estimates and a monthly factsheet. HCM may provide Clients with additional information on an as requested basis.

Item 14 - Client Referrals and Other Compensation

Placement agents, including solicitors, who refer investors to HCM Funds are paid separately by HCM. Such placement agents include, but are not limited to, JPMS and certain affiliates of the brokers of certain HCM Funds. Certain placement agents, including JPMS, receive fees directly from investors subscribing for shares/interests in such HCM Funds, as the case may be, in addition to any compensation received from HCM.

Conflicts of interest may exist with respect to the use of such placement agents. The potential for placement agents affiliated with JPM, such as JPMS, and for JPM itself, to receive (directly or indirectly) compensation in connection with investors' subscriptions for interests in HCM Funds creates a conflict of interest in recommending that the potential investors purchase such interests. Further, such compensation may be greater than the compensation received in connection with the offering of other JPM products, thereby creating an incentive to sell the interests in the HCM Funds over such other products. In addition, JPM, as owner of HCM, indirectly benefits from the services of affiliated placement agents, such as JPMS, which place interests in HCM Funds by increasing the assets upon which HCM receive fees from the Clients. Moreover, certain placement agents are affiliated with brokers and/or futures commission merchants of certain HCM Funds, in which case the brokers and/or futures commission merchants would indirectly benefit from the services of such brokers' and/or futures commission merchants' affiliated placement agents because the placement agent places interests in the HCM Fund, which increases the assets upon which such brokers and/or futures commission merchants receive brokerage commissions from the HCM Fund.

Compensation to placement agents, if any, will be in accordance with Rule 206(4)-3 under the Advisers Act.

Item 15 – Custody

HCM does not generally maintain custody of Client funds or securities. However, as a result of the fact that an affiliate of JPM, which is a related person of HCM, acts as custodian to the SICAVs, HCM is deemed to have custody of the SICAVs and is, therefore, subject to the internal control report provisions of Rule 206(4)-2 under the Advisers Act with respect to the SICAVs. HCM is required to obtain from JPM a written internal control report prepared by an independent public accountant with respect to such related person custodian at least once each calendar year.

Item 16 - Investment Discretion

HCM has discretionary authority to manage the securities portfolios of its Clients pursuant to investment management agreements with such Clients, which customarily do not place limitations on HCM's authority to manage a Client's portfolio. HCM's discretionary authority is generally subject to such restrictions as set forth in each Client's offering documents or agreements with such Client and/or the rules and regulations of any exchange or market on which HCM trades securities on behalf of its Clients.

Item 17 - Voting Client Securities

HCM has the authority to vote Client securities on behalf of HCM Funds, SICAVs and the Listed Company. The proxy voting procedures for HCM are designed to address the resolution of any conflicts of interest that may arise in connection with proxy voting. HCM is responsible for voting and handling all proxies in relation to the securities held on behalf of the Clients.

HCM has contracted with Institutional Shareholder Services (“ISS”), a division of RiskMetrics Group, to vote proxies received by HCM for certain Clients. Generally, ISS proxy voting guidelines provide for votes on a case-by-case basis and pursuant to certain guidelines. The proxy voting procedures for HCM also require that HCM identify to ISS, and address, conflicts of interest between HCM and its Clients. At times, a portfolio manager may determine to vote a proxy contrary to the proposed vote of ISS. In such instances, the portfolio manager is required to confirm to the Compliance Department that no material conflict of interest exists personally or with HCM.

Clients may obtain a copy of the procedures for HCM and information about how HCM voted a Client’s proxies by contacting the Compliance Department at (212) 287-4900.

Item 18 - Financial Information

HCM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.